Standing Committee Report

REPORT NUMBER	389-2025-Corporate Services-Revenue		
DATE PREPARED	November 24, 2025	***FILE***	
STANDING COMMITTEE MEETING DATE	December 9, 2025		
SUBJECT	389-2025-Corporate Services-Revenue 2025 Unsuccessful Tax Sale Properties		

PURPOSE - The purpose of this report is to seek endorsement from the Finance and Administration Standing Committee to vest a property that did not sell in the 2025 tax sale.

WITH RESPECT to Report 389-2025-Corporate Services-Revenue 2025 Unsuccessful Tax Sale Properties, we request endorsement of the Standing Committee to forward the following recommendations to City Council:

WE RECOMMEND THAT Administration be authorized to enter into an agreement with the Crown relative to any Crown liens registered against the following property that did not sell in the 2025 tax sale:

Roll Number	Address	Balance at December 1, 2025
04.140.01600.0000	208 Simpson Street	$202,631.51

AND THAT upon entering into an agreement with the Crown relative to any Crown liens, the City Treasurer vest the following property in the name of the municipality, having low environmental risk and that the property be declared surplus to municipal needs and either demolished and sold or sold in an “as is” “where is” condition on the open market:

Roll Number	Address
04.140.01600.0000	208 Simpson Street

AND THAT upon the vesting of the property, taxes be written off as uncollectible;

AND THAT immediately upon the vesting of property, Administration take the appropriate steps to manage all risks associated with ownership of the property;

AND THAT the Director – Development Services be authorized to execute all required documentation with respect to the sale of the property in a content and form satisfactory to the Manager - Realty Services;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

City Council authorized tax registration and sale proceedings for 331 properties in 2023 and 432 properties in 2024 that were in two years of tax arrears. Arrears were paid on 716 properties, and extension agreements were approved for 39 properties. A tax sale was held in June 2025 resulting in seven properties being sold. This report recommends an approach to deal with the remaining one property that did not sell in the 2025 tax sale.

Within two years from the tax sale date, a municipality can vest the properties that did not sell. Upon vesting, a property is free and clear of Provincial liens, but Federal liens remain on a property, therefore the municipality would enter into agreements with the Crown relative to any Federal liens. After a failed tax sale, the municipality can also write-off outstanding taxes owing on a property, allowing the municipality to recover the education portion of the taxes that have already been passed on to the school boards.

The *Environmental Protection Act* provides some protective measures for municipalities vesting property as a result of unsuccessful tax sale proceedings, but that protection is limited. Therefore, environmental pre-screening is conducted to help inform whether a property should be vested. The one property subject to this report has been assessed as having low environmental risk and is recommended to be vested and sold on the open market.

KEY CONSIDERATIONS

Each year, City Council authorizes tax sale proceedings for properties that are two years in tax arrears. A tax arrears certificate is registered, and the property owner/interested party has one year to pay the property tax account in full (cancellation price) or enter into an extension agreement.

If the cancellation price is not paid or an extension agreement is not executed within one year of the tax arrears certificate being issued, the property is offered for public sale.

The chart below provides details of the number of properties that were approved for tax registration and sale proceedings.

Year Approved	# Properties Approved	# Properties Paid Before Tax Sale	# Properties Entered into Extension Agreements	# Properties Sold	# Properties Not Sold
2023	331	313	14	3	1
2024	432	403	25	4	0

This report recommends an approach to dealing with the one property that did not sell in the 2025 tax sale. See Attachment 1 for further details of the property recommended to vest. This approach is consistent with the Vacant & Dilapidated Buildings program and provides an opportunity to assess and respond to a vacant building in a priority area.

Provincial and Federal Crown Liens

There is legislation that applies to Provincial Crown liens. Section 353 of the *Municipal Act, 2001* provides that upon vesting, a property vests free and clear of Provincial liens, but if it is subsequently sold within seven years by the municipality, then net sale proceeds are to be proportionally shared among Crown lien holders and the City in relation to amounts written off. If a municipality sells a property after seven years, all proceeds are retained by the municipality.

Although there is no similar legislation at the Federal level, historically Federal lien holders have been receptive to arrangements that mirror Provincial legislation.

A Federal lien has been registered against the subject property.

Administration is recommending that it be authorized to enter into agreements with the Federal lien holder, whereby liens will be removed from the property and upon sale of the land, any proceeds net of costs incurred by the municipality will be shared in an agreed upon manner with the Federal lien holder. The recommendation to vest the property is subject to reaching an acceptable agreement with the Federal lien holder.

Environmental Risks

The *Environmental Protection Act* provides some protective measures for municipalities vesting property as a result of unsuccessful tax sale proceedings. Protection is limited to a period of five years from the date the municipality becomes the owner of the property. During that time, the Province will not issue any order under the *Environmental Protection Act* to the municipality with respect to the property because of the presence or discharge of a contaminant on, in or under the property, unless any of the following circumstances exist:

1. There is danger to the health or safety of any person

2. There is impairment or serious risk of impairment of the quality of the natural environment for any use that can be made of it.

3. There is injury or damage or serious risk of injury or damage to any property or to any plant or animal life.

This legislation provides a five-year period of protection for the municipality to vest and sell off property that could potentially have contamination issues.

The subject property is identified as having a low environmental risk and is recommended to vest in the name of the municipality, declared surplus to municipal needs and advertised for sale on the open market or demolished as may be determined following vesting.

Write Off of Taxes

The Municipality can recover the education portion of the taxes from school boards when the taxes are written off. The education taxes that were billed have already been passed on to the school boards on the assumption the municipality would collect them. Recognizing them as uncollectible and writing them off will allow the municipality to recover the monies advanced in previous years. If a property is sold within seven years of vesting, and the cancellation price exceeds $10,000, the municipality is required to share the net sale proceeds in proportion to amounts written off with the school boards.

Administration is recommending that upon the vesting of the property, taxes be written off as uncollectible, thereby allowing the municipality to recover $21,953.68 from the respective school boards.

FINANCIAL IMPLICATION

The municipal portion of arrears totaling $180,677.83 recommended for write-off has been accounted for in the 2025 operating budget.

The education portion of arrears totaling $21,953.68 recommended for write-off will be recovered from the respective school boards.

If demolition of the property is deemed necessary, those costs would be eligible for funding from the Vested Property Rehabilitation Reserve Fund. This reserve fund is intended to provide funds for the restoration of properties that are no longer generating taxation revenues and are not considered saleable due to environmental or other concerns. Any use of the fund for this purpose would require further approval from City Council.

BACKGROUND

The *Municipal Act, 2001* provides a two-year deadline from the date of a tax sale for the Treasurer to make a decision to vest a property in the name of the municipality. If after the two-year deadline, the property has not been vested, tax sale proceedings are deemed to have been cancelled. The *Municipal Act, 2001* also provides authority for

Council to write off unpaid taxes as uncollectible after an unsuccessful tax sale whether or not the property vests in the municipality.

In 2008, City Council approved a Tax Sale Vesting Policy. The policy establishes guidelines with respect to the management of unsuccessful municipal tax sale properties. The intent of the Policy is to provide an equitable and advantageous method to restore under-utilized and potentially contaminated properties to productive tax generating uses. However, the Policy does provide consideration for situations, whereby an unsuccessful tax sale property may have characteristics that would make vesting not viable and, in these situations, proceedings are cancelled.

REFERENCE MATERIAL ATTACHED

Attachment 1 – Details of Unsuccessful Tax Sale Properties Recommended to Vest

REPORT PREPARED BY

Kathleen Cannon, CPA, Director-Revenue

REPORT SIGNED AND VERIFIED BY

Keri Greaves, CPA, Commissioner – Corporate Services & City Treasurer

Date 12/01/2025 (MM/DD/YEAR)